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John J. Finnigan, Jr.
Associate General Counsel

VIA OVERNIGHT DELIVERY

February 14, 2008

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

FEB 15 2008

PUBLIC SERVICE
COMMISSION

Re: In the Matter of The Annual Cost Recovery filing for Demand Side Management
by Duke Energy Kentucky, Inc. Case No. 2007-00369

Dear Ms. O'Donnell:

I have enclosed for filing the original and seven copies of Duke Energy Kentucky, Inc.'s responses to the Staff's first set of data requests in the above-referenced case.

Please date-stamp and return the two extra copies of this letter in the enclosed return- addressed envelope.

Sincerely,

John J. Finnigan, Jr.
Associate General Counsel

JJF/bsc

cc: Paul Adams (w/encl.)
Anita L. Mitchell (w/encl.)
Florence W. Tandy (w/encl.)
Carl Melcher (w/encl.)

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

THE ANNUAL COST RECOVERY)
FOR DEMAND SIDE MANAGEMENT)
BY DUKE ENERGY KENTUCKY, INC.) CASE NO. 2007-00369

RESPONSE OF DUKE ENERGY KENTUCKY, INC.
TO
INFORMATION REQUESTED IN
THE COMMISSION'S ORDER
DATED FEBRUARY 6 2008

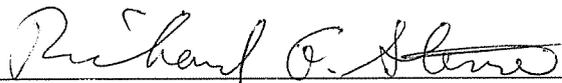
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COMMISSION

Filed February 15, 2008

VERIFICATION

State of Ohio)
) SS:
County of Hamilton)

The undersigned, Dr. Richard G. Stevie being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as Managing Director, Customer Market Analytics; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing responses to information requests; and that the matters set forth in the foregoing response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquire.



Dr. Richard G. Stevie., Affiant

Subscribed and sworn to before me by Dr. Richard G. Stevie, on this 14th day of February 2008.



NOTARY PUBLIC

My Commission Expires:



ANITA M. SCHAFER
Notary Public, State of Ohio
My Commission Expires
November 4, 2009

KyPSC Staff First Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 6, 2008
Response Due Date: February 15, 2008

KyPSC-DR-01-001

REQUEST:

Refer to pages 7 through 42 of the Application. The evaluations for most of Duke Kentucky's demand-side management ("DSM") programs include participation numbers for the first 6 months of 2007. To the extent available, provide an update of the level of participation for calendar year 2007 for the following programs:

- a. Residential Conservation and Energy Education, page 8 – weatherization services provided.
- b. Residential Conservation and Energy Education, page 11 – refrigerators tested and replaced.
- c. Residential Home Energy House Call, page 13 – customer participation.
- d. Power Manager, page 23 – completed switch installations and customer enrollments.
- e. Energy Efficiency Website, On-line Energy Assessment and Free Energy Efficiency Starter Kit, page 28 – number of kits mailed.

RESPONSE:

Calendar Year 2007	Participation
Residential Conservation and Energy Education	231
Residential Conservation and Energy Education Refrigerators tested	181
Residential Conservation and Energy Education Refrigerators replaced	101
Residential Home Energy House Call	599
Power Manager switch installations	1,510
Power Manager customer enrollments	1,383
Energy Efficiency Website number of kits mailed	299

PERSON RESPONSIBLE: Richard G. Stevie

KyPSC Staff First Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 6, 2008
Response Due Date: February 15, 2008

KyPSC-DR-01-002

REQUEST:

Refer to page 12 of the Application. Did Duke Kentucky distribute direct mail brochures in November? If yes, indicate how many brochures were in the mailing and the response, if available.

RESPONSE:

No direct mail was sent out in November for the Home Energy House Call program.

PERSON RESPONSIBLE: Michael Goldenberg

**KyPSC Staff First Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 6, 2008
Response Due Date: February 15, 2008**

KyPSC-DR-01-003

REQUEST:

Refer to Appendices H and I of the Application. For each customer group reflected in the appendices, calculate the average monthly bill amounts for Rider DSMR. Provide the calculations using the Rider DSMR currently in effect and the proposed Rider DSMR. The calculations should reflect Duke Kentucky's average monthly usage for each customer group shown in the appendices.

RESPONSE:

Please see attachment STAFF-DR-01-003.

PERSON RESPONSIBLE: Donald L. Storck

Duke Energy Kentucky

Case No. 2007-00369

Current and Proposed Electric DSMR rates

		Average Monthly Usage (kWh)	DSMR Bill Amount
Residential			
Current Rate	\$ 0.000449	1,078	\$0.48
Proposed Rate	\$ 0.001416	1,078	\$1.53
Non-Residential (Commerical)			
Current Rate	\$ 0.001237	13,425	\$16.61
Proposed Rate	\$ 0.014050	13,425	\$188.62
Transmission			
Current Rate	\$ 0.000150	864,727	\$129.71
Proposed Rate	\$ 0.000154	864,727	\$133.17

Duke Energy Kentucky
Case No. 2007-00369
Current and Proposed Gas DSMR rates

		Average Monthly Usage (Mcf)	DSMR Bill Amount
Residential			
	Current Rate	6	(\$0.34)
	Proposed Rate	6	(\$0.07)

KyPSC Staff First Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 6, 2008
Response Due Date: February 15, 2008

KyPSC-DR-01-004

REQUEST:

Refer to the Bill Assistance section on page 19 of the Application. What is the basis for the specific credit amounts of \$150 for participation in budget counseling, \$150 for participation in the Residential Conservation and Energy Education program, and \$200 for participating in the energy efficiency counseling? Include all necessary calculations and workpapers used by Duke Kentucky to arrive at those specific credit amounts.

RESPONSE:

A sub-committee, comprised of low income customer groups, a representative from the Campbell County Fiscal Court, a representative from the Attorney's Generals office, and staff from the Company, was formed to develop the principle goals of the program at a cost that the residential customers could bear and could be approved by the Kentucky Public Service Commission. The incentive levels were based on two principles:

- Provide enough incentive to gain interest and commitment from the customer to participate
- Provide enough incentive to help those with arrearages pay down those levels to \$0 or close to \$0 so that the customer could continue to manage the monthly utility bill.

The values were distributed to customers for participating in the budget counseling, energy efficiency counseling, and weatherization components in a way to encourage their involvement. The values were chosen by the sub-committee with the intent to change them depending upon customer participation.

PERSON RESPONSIBLE: Michael Goldenberg

KyPSC Staff First Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 6, 2008
Response Due Date: February 15, 2008

KyPSC-DR-01-005

REQUEST:

Refer to the discussion of the Variable Daily Event Incentive on page 21 of the Application. Provide an explanation of the determination of the credit amount associated with this incentive. Provide any calculations and workpapers used by Duke Kentucky to arrive at the appropriate credit amount.

RESPONSE:

The Variable Daily Event Incentive is set by referencing average day-ahead MISO prices both for anticipated event hours and across all on-peak hours. At the time the incentive amount is set, these average prices are considered along with expectations on the level of MISO real-time prices for the day of the event. The table below lists the Variable Daily Event Incentive offered to customers and the two average MISO day-ahead prices mentioned above. Beyond this information, there are no worksheets or calculations performed to determine the price to offer to customers. It should also be noted that incentives are provided to customers at the end of the summer season to ensure that customers receive the minimum summer incentive of \$5 for participation in the 1.0 kW load contribution option and \$8 for participation in the 1.5 kW load contribution option.

Power Manager Event Date	Incentive to Customer (\$/Mwh)	Average Day Ahead Market Price for Event Hours (\$/Mwh)	Average Day Ahead Market Price for All On Peak Hours (\$/Mwh)
6/7/07	\$80	\$112	\$80
7/17/07	\$80	\$97	\$67
8/1/07	\$100	\$113	\$87
8/8/07	\$100	\$141	\$109
8/9/07	\$120	\$116	\$98
8/16/07	\$100	\$112	\$80
8/23/07	\$100	\$109	\$82
8/29/07	\$90	\$90	\$70

PERSON RESPONSIBLE: Bruce L. Sailors